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Top Secret 233

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday September 4, 1976 CI NIDC 76-209C

NATIONAL SECURITY INFORMATION

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DIA review(s) completed.

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National Intelligence Daily Cable for Saturday, September 4, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

25X1 [] An interview by Fatah's second-in-command Salah Khalaf with a Rome newspaper provides further evidence of a serious split within the Palestinian leadership over the position to be adopted on Syria's military presence in Lebanon.

25X1 [] Khalaf was quoted as saying that the Palestine Liberation Organization is prepared to make "major concessions" for a settlement in Lebanon only if the Syrians agree to withdraw.

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25X1 [] Khalaf said in the interview that the Palestinians were willing to retreat from Mount Lebanon, "the major part" of Beirut, and Jazzin in return for a "minimum drawback" by the Syrians. As the next step, Khalaf said the Palestinians would re-enter the refugee camps and abide by the Cairo accords regulating their activity if the Syrians left the country at the same time. He hinted that the Palestinians would insist on retaining their heavy weapons inside the camps.

25X1 [] Khalaf said that to go beyond these "final concessions" would mean the death of the fedayeen movement. If the concessions are ignored, he promised "there will be a tremendous explosion of terrorism." Khalaf's Black September Organization was responsible for the murder of the Israeli athletes at the Munich Olympics in September 1972, for the assassination of the US ambassador and charge in Khartoum in March 1973, and for numerous hijackings.

25X1 [] The Christians are openly questioning whether a Palestinian agreement to abide by the Cairo accords would be sufficient. Phalangist chief Pierre Jumayyil--possibly in an effort to close ranks with extremist Camille Shamun--has issued a statement suggesting that the accords should be considered null because the Palestinians have obstinately refused to respect them.

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[] The Arab League meeting that opens today, although originally billed as a foreign ministers' meeting, will convene at a lower level; most members are sending undersecretaries and ambassadors. They will set the time and place for an Arab summit to which a majority of the League members has already agreed.

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[] The low level of representation at the preliminary meeting may indicate the League members' reluctance to tackle the Lebanon question. Most support Syria's attempt to impose controls on the Palestinians, but few are willing to condone publicly Syria's intervention in the fighting. []

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EGYPT-USSR: Polemics Over Libya

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[] An article in the Soviet newspaper *Pravda* on Monday accusing Cairo of risking a "new conflict" in the Middle East by threatening Libya has drawn a sharp reaction from Egypt.

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[] The Cairo press reports that Foreign Minister Fahmi rebuked the Soviet charge in Cairo on Thursday for the article, characterizing it as interference in Egypt's internal affairs and with its right to protect itself from Libyan sabotage.

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[] The Egyptians are portraying *Pravda's* support for Libya as nothing to worry about. In a series of sharply worded editorials this week, the Cairo press treated the article as a sign that Moscow no longer has a firm foothold in the Middle East and has been reduced to supporting an "isolated and rash" leader who is on the verge of falling.

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[] Cairo's newspapers say the *Pravda* article is indicative of an "unholy" and, for the Soviets, embarrassing alliance between Moscow and the "mad" Libyan leader who has been involved in subversive schemes throughout the Arab world.

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[] The theme is a new one for the Egyptians. They have for some time charged that Moscow is involved in Libya's operations, but they have previously put the Soviets in the role of mastermind. By now treating Moscow as the hapless follower of Qadhafi and supporter of his perfidious behavior toward the other Arabs, Cairo is making a clear bid for Arab sympathy while implying that Egypt has no fear of the Soviets. []

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SOUTH AFRICA: Anti-Apartheid Demonstrations

25X1 [] Recent incidents in Cape Town have dramatized the possibility that anti-apartheid demonstrations might eventually trigger serious violence in white business or residential areas.

25X1 [] Police in Cape Town used tear gas Thursday to disperse some 3,000 colored (mulatto) high school students holding a demonstration in the downtown area to denounce apartheid. The clash occurred when the authorities suddenly ordered the demonstrators to disperse. Yesterday, a small number of colored students gathered in the downtown area but were dispersed without bloodshed.

25X1 [] The death toll from urban rioting since last June--almost 300 blacks but only 3 whites and fewer than 10 coloreds--reflects the fact that major violence has been confined to the black townships. Within the last week or so, rioting has occurred on a smaller scale in the colored townships near Cape Town.

25X1 [] Although government leaders have avoided any publicized meetings with blacks since July, it was announced several days ago that Prime Minister Vorster will meet with the leaders of the tribal homelands on October 8. Official commentary has implied that Vorster will discuss the tribal leaders' recent demand for the release or fair trial of all the urban blacks who have been arrested since June--over 800 blacks are under detention.

25X1 [] Apparently Vorster intends to maintain a tough stance until calm is restored in an attempt to show that the government is not yielding to dissidence. It also seems likely that Vorster wants to defer dealing directly with the blacks until after the special caucus, involving some 300 leaders of the ruling National Party, that is to convene on September 10.

25X1 [] The South African press is speculating that the caucus will try to develop a consensus regarding some limited modifications of the apartheid system.

25X1 [] Vorster may use the caucus to report on his meeting with Secretary Kissinger. Vorster is clearly avoiding any move

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that would suggest he is bowing to foreign criticism of apartheid. Yesterday, as he left for Zurich, he stressed that the meeting in Zurich would focus exclusively on international problems. [REDACTED]

CYPRUS: Election

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[REDACTED] Greek Cypriots go to the polls tomorrow to elect a new House of Representatives. The election amounts to a contest between President Makarios and former House president Glafkos Clerides.

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[REDACTED] Makarios and his supporters insist that only a long, hard struggle and the internationalization of the Cyprus issue will bring enough diplomatic, economic, and moral pressure on the Turks to force them to agree to a settlement satisfactory to the Greek Cypriots. Clerides argues that UN resolutions are no substitute for a genuine effort to test Turkish intentions with realistic proposals and that Greek Cypriots must look to the West for assistance and not to the nonaligned or communist states.

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[REDACTED] Clerides will be hard pressed to make a respectable showing in the popular vote because of the winner-take-all election system and the array of leftist and centrist forces rallying behind Makarios. It will be even harder for Clerides to win more than a few of the 35 seats at stake.

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[REDACTED] Makarios called for the election in response to leftist pressure and his own desire to weaken Clerides. The left views Clerides as the de facto leader of the right. Makarios regards Clerides and his supporters as a threat to his own position.

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[REDACTED] Makarios has worked out an election deal with the Communists, the Socialists, and a new pro-Makarios centrist party, the Democratic Front. Under this arrangement, each of the parties has agreed to contest only some of the seats at stake and to support the candidates of the other two parties for the remaining seats in almost all of the districts. The Communists are contesting 9 seats, the Socialists 6, and the Democratic Front 21.

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25X1 [] Clerides' Democratic Rally has candidates running for 34 seats. Makarios did make some last-minute overtures to Clerides aimed at reconciliation and limited cooperation but was rebuffed.

25X1 [] Clerides is determined to turn the election into a clear test between his views and those of Makarios, even if it means the end of his political career. If he gets even a mildly encouraging showing on Sunday, he would hope to challenge Makarios in the 1978 presidential election.

25X1 [] The degree of anti-Makarios sentiment among the voters will determine how well Clerides does. Clerides' prospects will rise if most of the 29 percent of the voters who abstained in the lackluster election in 1970 rally to his cause on Sunday and if some of the supporters of the pro-Makarios parties ignore the pre-election agreement of their leaders and cast at least some of their ballots for Clerides' slates. [] 25X1

PORTUGAL: Azorean Regional Government

25X1 [] The installation of a regional government in the Azores today will give the islands increased autonomy, although less than Azoreans want.

25X1 [] The new government, established under a provisional statute approved by Lisbon earlier this summer, is presided over by local Popular Democratic leader Mota Amaral. It is responsible to a 43-man popularly elected regional assembly, also controlled by the Popular Democrats, which was formally opened last Saturday by President Eanes.

25X1 [] The Azoreans are unhappy with a provision that a representative of the Lisbon government must appoint regional government members. This representative can turn legislation back to the regional assembly or question a law's constitutionality.

25X1 [] There is some resentment--but little surprise--among Azorean leaders that Eanes did not consult them as required by the constitution before naming General Galvao de Figueiredo, a conservative who was formerly the army's vice chief of staff,

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[] as Lisbon's representative. Figueiredo arrived in the archipelago earlier this week, reportedly bringing with him his own staff of advisers--again without consulting the Azoreans. The local conservative Social Democratic Center party has accused him of trying to form a parallel government.

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[] Most Azoreans appear willing to make the best of the arrangement for the time being, but they remain skeptical of Portuguese intentions and wary of getting enmeshed in Portugal's domestic problems.

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[] Azoreans believe Lisbon granted more autonomy only because it was afraid it might lose the archipelago entirely, and they are determined to push for further concessions. They are urging Lisbon to act on legislation allowing local tax revenues to be placed at the disposal of the Azorean regional government.

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[] The Socialist government on the mainland and the Azorean Popular Democrats will probably be able to get along for a while. The Popular Democrats need funds from Lisbon to finance the regional government and development programs, and the Socialists depend upon the Popular Democrats to keep peace on the islands and to curb independence sentiment.

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[] The relationship seems likely to sour eventually, however, because the interests of the Azoreans and central government diverge at too many points. The Azoreans are demanding early negotiations with the US on the Lajes base, for example, and are also pushing for local control of foreign exchange.

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[] The real test will come when the regional government presents a definitive autonomy proposal to the Assembly in Lisbon. The provisional statute took several months of heated negotiations to iron out and the Azoreans may well renew demands rejected by Lisbon in the last round. []

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PORTUGAL: Withdrawal of NATO Force

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[] //The Portuguese air force has said it will withdraw its small NATO force because its aging patrol aircraft are no longer capable of performing their mission.//

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[REDACTED] //Air Force Chief of Staff Morais da Silva recently informed the US defense attache in Lisbon that by the end of this year Portugal would discontinue the maritime patrols of its P-2 aircraft, only two or three of which may still be airworthy.//

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[REDACTED] //This is the only Portuguese air force contingent now carrying out a NATO mission, although three recently purchased C-130 transports will eventually be given a NATO role.//

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[REDACTED] //Much of the remainder of Portugal's air force is also obsolescent, and at least one Portuguese military spokesman has raised questions about any future NATO role. Portugal has been seeking modern replacements for its F-86 fighters and early model G-91 ground attack aircraft. Thus far, the principal contributor to the modernization effort has been West Germany, which this year has turned over to Portugal 19 of its later model G-91s.//

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[REDACTED] //The Portuguese have complained that even the recently acquired G-91s are in poor flying condition and will soon need extensive maintenance and repairs. Portuguese military planners have viewed the G-91 as only an interim aircraft until they can obtain first-line fighters, such as the F-4 or F-5, from the US or other NATO allies.//

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[REDACTED] //NATO has established an ad hoc group to coordinate bilateral assistance to Portugal, but little progress has been made, in part because Portuguese military representatives to NATO have not expressed their needs specifically or conveyed a sense of urgency.//

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25X1 [redacted] General Morais told the US defense attache in Lisbon that the Portuguese air force, because of mounting criticism within its ranks over its inability to obtain firm commitments of assistance from NATO members for the modernization program, may be forced to abandon plans for a future role in NATO and to turn to a purely national mission. [redacted]

UN: Puerto Rico's Status

25X1 [redacted] Moves are under way in the UN Committee on Decolonization to prevent an acrimonious debate over whether the issue of Puerto Rico's status should be presented to the General Assembly.

25X1 [redacted] The Cubans have been campaigning in the UN and at nonaligned meetings for years to have the committee list Puerto Rico as a non - self-governing territory and to recognize a Puerto Rican "national liberation movement." Last year Havana proposed that the General Assembly grant the liberation movement non-voting observer status, but consideration of the issue was postponed until this year. The Cubans appear intent on avoiding another postponement.

25X1 [redacted] The Norwegians have proposed that the Decolonization Committee chairman move to update the 1974 report on Puerto Rico as an alternative to a resolution. States strongly opposed to a Puerto Rican resolution, however, would require Cuba to agree not to raise the issue formally in the General Assembly.

25X1 [redacted] A committee vote scheduled for next week will be close. The US mission estimates that the margin in favor of postponement may be as close as one vote, although much depends on the wording of the resolution. A mildly worded resolution could erode support for postponement, while a tough substantive one might add to the votes for postponement.

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[] Havana, aware that its harsh draft resolution last year cost it support, has in fact prepared a low-key resolution. It does not call for an investigatory UN mission, identification of the independence movement as the "representative" of Puerto Rico, or a demand for General Assembly action.

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[] The nonaligned nations at their summit in Colombo last month agreed to ask the Decolonization Committee to recommend that the General Assembly review the status of Puerto Rico. Havana withdrew its resolution on Puerto Rico, which would have toughened the summit's political declaration, when it met with opposition from other delegations. []

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BARBADOS: New Government

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[] The defeat of Prime Minister Errol Barrow's Democratic Labor Party in Thursday's general election ends 15 years of dominance of the Barbadian political scene by Barrow and his party. The new prime minister is J. M. G. "Tom" Adams, leader of the Barbados Labor Party, which captured 17 of the 24 House of Assembly seats.

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[] Charges of corruption undoubtedly cost Barrow votes, but public unhappiness over high unemployment and inflation and the desire for new leadership were probably more important.

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[] Barrow's attempt to counter public dissatisfaction with his government by echoing allegations made by the governments of Jamaica and Guyana that the US is engaged in "destabilization" efforts against them may actually have worked to Barrow's disadvantage. Apparently sensing this, Barrow abandoned his attacks on the US in the later stages of the campaign.

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[] The Barbados Labor Party does not differ significantly in outlook from Barrow's party. The US embassy in Bridgetown does not expect the new government to cooperate with Cuba as much as Barrow did during the last year or so or to raise the "destabilization" theme.

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[] It is likely, nonetheless, that the Barbadians will demand "substantial compensation" for the continued presence of the US naval facility on the island beyond December 1977, when the present lease expires. []

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GREECE-TURKEY: Greek Concern over Sismik I

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[REDACTED] The Greeks have registered their concern over renewed Turkish seismic exploration in sensitive areas of the northern and central Aegean.

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[REDACTED] In its only official reaction to date, the Greek government made an oral demarche on Thursday to Ambassador Kubisch. Similar demarches also may have been made to the UK, France, and Italy, which helped formulate the compromise resolution on the controversy in the UN Security Council last week.

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[REDACTED] Foreign Ministry Director General Tzounis, who presented the demarche, declared that his government considered the Turkish move an intentional provocation that will not facilitate a resumption of negotiations and that such provocations cannot continue. He added that Greece would complain to the Security Council and that the Greek ambassador to Turkey would take up the issue with Turkish officials.

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[REDACTED] Tzounis did not request that the US take any specific action, suggesting that Athens is either undecided about how to respond or is still hoping to reach some type of accommodation with the Turks over the present activities of the Sismik. //The ship yesterday reportedly was located midway between Thasos and Samothrace.//

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[REDACTED] The Greek government has yet to comment publicly on the Turkish move and apparently even imposed a day-long news

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blackout when the ship's new itinerary was announced on Wednesday. The press picked up the story yesterday, however, and the government will soon come under public and opposition pressure to take a definite position.

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[] Greek Prime Minister Caramanlis may now feel compelled to take a tougher line with the Turks. He may, for example, refuse to suspend the Greek appeal to the International Court of Justice pending the results of negotiations. Caramanlis may even be reluctant to negotiate at all in the absence of a major modification of the scope and duration of the Sismik's activities.

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[] The Turkish government appears to have chosen the present area of exploration to induce the Greeks to agree to bilateral negotiations on Turkish terms, which include complete withdrawal of the Greek appeal to the Court. Turkish Prime Minister Demirel seems to be trying to undercut charges by his opponents that his Aegean policy lacks boldness. In his pushing and probing, however, Demirel is pursuing a course that could eventually force Caramanlis to react in kind and possibly set the stage for a military confrontation. []
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